UNITED TD



United Nations
Conference
on Trade and
Development

Distr. LIMITED

TD/B(S-XXIII)/L.3/Add.1 14 June 2006

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD Twenty-third special session, second part Geneva, 12–16 June 2006 Agenda item 7

# DRAFT REPORT OF THE TRADE AND DEVELOPMENT BOARD ON THE SECOND PART OF ITS TWENTY-THIRD SPECIAL SESSION

Held at the Palais des Nations, Geneva, from 12 to 16 June 2006

Rapporteur: Mr. Levan Lomidze (Georgia)

Speakers:

Sri Lanka Secretary-General of

Algeria Russian Federation UNCTAD

Austria for EU and the acceding countries of Brazil Bulgaria and Romania Indonesia

## **Note for delegations**

This draft report is a provisional text circulated for clearance by delegations.

Requests for amendments to statements by individual delegations should be communicated by **Wednesday**, **21 June 2006** at the latest, to:

UNCTAD Editorial Section, Room E.8106, Fax no. 022 917 0056, Tel. no. 022 917 1437.

# Chapter I

#### **OPENING STATEMENTS**

## (Continued)

- 1. The representative of **Sri Lanka**, speaking on behalf of the **Asian Group and China**, made four general comments on how to approach the present discussion. First, the discussion should be faithful to the São Paulo mandate. Second, the three pillars should be considered to be interrelated and should be strengthened. Third, each pillar had an impact on the role of UNCTAD and on the policymaking of developing countries. Fourth, the interface between the three pillars should be reviewed and assessed on a regular basis by the intergovernmental machinery.
- 2. As for specific comments, the representative reiterated the support of his group for UNCTAD's research and analysis work, which should not only form the basis for its consensus-building and technical assistance activities, but also be development-oriented and address contemporary issues. He commended UNCTAD's analytical work and impact assessment on the broad theme of "assuring developmental gains from the international trading system, trade negotiations and commodities". In the area of investment, the *World Investment Report* was a concrete example of the benefits of this work for the developing countries. He singled out the interrelations between the three pillars in UNCTAD's work in the field of competition policy, where the innovative process of voluntary peer review was being applied.
- 3. Regarding consensus-building and the intergovernmental machinery, the representative referred to the report of the secretariat, and said that this group fully associated itself with the suggestions made by the Group of 77 and China. It shared the view that UNCTAD's intergovernmental machinery provided not only useful guidelines for identifying issues for research and policy analysis, but also an unique opportunity for all member countries to debate and highlight, freely and outside the negotiating framework, issues of common concern.
- 4. In the area of technical assistance, the representative suggested an action-oriented debate on how to further strengthen the links between this pillar and the other two as a possible area of UNCTAD's work. Technical assistance activities should be demand-driven, and the needs of developing countries and their ownership should be ensured through enhanced consultations between donors and beneficiaries. Of particular importance for Asian countries was UNCTAD's assistance in the area of the international trading system, trade negotiations and commodities. While the focus of technical cooperation should remain on capacity development, his group would encourage the formulation and implementation of regional and subregional projects.
- 5. The representative of **Algeria**, speaking on behalf of the **African Group**, noted that the fundamental principles that had led to the creation of UNCTAD were still valid today, despite the economic changes of the last 40 years. To make a substantial contribution to the United Nations Development Programme, UNCTAD's three pillars should be coordinated, and synergies between them should be preserved and reinforced. The coherence between the pillars should also be strengthened in spite of a tendency to focus excessively on resources and technical cooperation.
- 6. The speaker reaffirmed the vital role played by UNCTAD in helping developing countries establish development indices in the context of bilateral negotiations through its policy

analysis and consensus promotion. UNCTAD should give further attention to questions of crucial importance to developing countries, such as intellectual property and technology transfers, topics that had been abandoned. Also, UNCTAD's analytical work would have a higher profile if it was carried out through training activities or other support activities. He emphasized that the cooperation between the New Partnership for Africa's Development and the secretariat should be extended through regional technical assistance programmes.

- 7. There remained some priority areas for the Africa region where the research work carried out by UNCTAD should be more effectively used as a platform for technical assistance and discussions at the intergovernmental level. To meet the needs of developing countries, technical assistance should be given adequate resources and should be delivered in an unconditional manner. In the light of UNCTAD's numerous contributions, he called for a strengthening of its mandate, which he saw as a prerequisite for the preservation of the development dimension within the UN system.
- 8. The representative of **Austria**, speaking on behalf of the **European Union (EU)** and the acceding countries of **Bulgaria** and **Romania**, noted that the Mid-term Review was an ongoing exercise aimed at contributing to the firm integration of UNCTAD into the work of the UN system, as well as reinforcing the institution in, and across, its three pillars of work. She said that although these three pillars were closely interrelated, her group was of the view that the coherence between them could be further enhanced. Also, UNCTAD's work should focus more on the specific needs of LDCs, and of other poor and vulnerable countries, especially in Africa. With regard to the documentation prepared for this second phase of the Mid-term Review, the EU appreciated the work done by the secretariat and would thus limit its remarks to the section on "next steps".
- 9. UNCTAD could make better use of its comparative advantages, which related to "ahead of the curve" research and analysis. Its role should be to identify areas which could pose challenges to developing countries and to propose policy options. The speaker warned against the risk of UNCTAD's work overlapping with that of other institutions, and suggested that UNCTAD seek collaborative arrangements where appropriate. She noted with satisfaction the efforts made by UNCTAD with a view to increasing cooperation with the UN Secretariat. She suggested a strengthening of the links with the wider development research community, and the development of "good practices". UNCTAD's work in this area would form the basis for its technical assistance activities.
- 10. Regarding consensus-building and the intergovernmental machinery, the EU considered that decisions pertaining to structures could be discussed during the next regular session of the Trade and Development Board or the Conference. The speaker, however, welcomed a number of suggestions in the document prepared by the secretariat, such as a more dynamic, varied and topical agenda of the Trade and Development Board, which could address one or two themes as well as a policy review. Concerning the expert meetings, she supported the idea of making them part of a longer process, which could foster stronger networking among participants.
- 11. The speaker said that all three pillars needed to have the same weight. In her group's view, technical cooperation should be driven and shaped by the demands and needs of developing countries. She pleaded for more centralized management of technical cooperation activities, increased transparency and more relevance and impact on the ground. Finally, she suggested that UNCTAD focus on its areas of comparative advantage, that the work be guided by the Paris Declaration on Aid Effectiveness and that UNCTAD engage more in the development of country-specific instruments.

- 12. The delegate of the **Russian Federation** said that his country had always advocated the full implementation of UNCTAD's mandate and the preservation of the three pillars of its activities. He noted that there was strong demand in his country for statistical data and analytical information on trends in, and the situation of, the world economy. Of practical interest to the Russian Federation among the studies conducted by UNCTAD were those in areas such as trade efficiency, customs procedures, trade and energy, resources and commodities, competition and effective business practices, trade and investment, environmental issues, and transfer of technology. It was particularly important for UNCTAD to preserve its role as a forum for political dialogue and topical issues related to international trade and development. In order to enhance the effectiveness of the intergovernmental dialogue, it would be important to improve the processes for preparing and conducting such discussions as well as the methods used to reach agreed decisions. In view of resource limitations regarding technical assistance, it would be necessary to enhance the latter's effectiveness and also to set priorities.
- 13. UNCTAD's assistance to the Russian Federation in its accession to the WTO was extremely effective, providing it with practical benefits. Other areas where UNCTAD's assistance was extremely important included competition, investment and international accounting practices. UNCTAD training courses on international trade and development had been useful, and thematic courses had been planned for Central and Eastern European and CIS countries this autumn. UNCTAD technical assistance, which should be based on the principle of universality, must take into account the needs of all member States and groups of countries. In conclusion, the speaker recommended that UNCTAD cooperate closely on the basis of mutual advantage with all other organizations in the UN system, the WTO, donor organizations, and national, regional and subregional organizations.
- 14. The representative of **Colombia** reaffirmed the importance of trade in promoting development, and underlined the role of UNCTAD in contributing to the Millennium Development Goals and in improving the living conditions of people throughout the world. He expressed his regret about the weakening of UNCTAD's original mandate, in particular the termination of its negotiating role. Although UNCTAD could play a major role in fostering cooperation between developed and developing countries, and provide guidance and technical assistance in the area of development, a continued decrease in its financial and human resources would have devastating consequences. Its capacity to meet the challenges of the United Nations would be considerably reduced, and it would lose its vital role of fostering intellectual debate and conciliating opposing views. In conclusion, he said that no subject, including policy space, could be exempt from discussion, and that no policy could be imposed.
- 15. The representative of **Brazil** expressed his delegation's endorsement of the decision of the Secretary-General of UNCTAD to establishment the Panel of Eminent Persons, over which the former President of his country, President Cardoso, had been asked to preside. He asked how soon the Panel, which had recently held its final meeting, would provide the Secretary-General of UNCTAD with its final report, and how it would be shared with the member States.
- 16. The representative of **Indonesia** said that UNCTAD had significantly helped developing countries understand evolving world issues and their implications for development, with its three pillars having assisted both the developing and the developed countries to cope with different global issues relating to trade and development. With regard to the economic development of developing countries, the role of research and analysis undertaken by UNCTAD was crucial. The linkage between the three pillars was of prime importance for

developing countries. UNCTAD's research and intellectual capacity-building had contributed to a better understanding of how to deal with foreign direct investment by taking into account new emerging international issues in the context of national legal regimes. The speaker also expressed satisfaction with UNCTAD's work on competition policy. Commending UNCTAD's technical assistance, he called for it to be scaled up so that more developing countries could benefit from it, just as Indonesia had been able to do.

- 17. Since research and analytical work was a cornerstone of UNCTAD, financial support was seen as being fundamental to the organization. Therefore, strengthening this pillar should take centre stage, although the other two pillars consensus building and technical assistance could not be viewed separately. There should be greater coherence among the pillars. The speaker emphasized that UNCTAD should cooperate not only with UN institutions but also with international organizations, thus bringing more synergy to the solid groundwork needed for both technical cooperation and capacity-building within UNCTAD.
- 18. The **Secretary-General**, replying to the Brazilian delegate's inquiry about the availability of the report of the Panel of Eminent Persons, said that attempts had been made to finalize it as early as possible. A meeting would be held with all delegations in order to have a formal launch of the report, with 21 June 2006 being the date set for the occasion. The idea would be to have a half-day meeting during which the Panel would be able to interact with all the delegations. The Secretary-General said that the report was addressed to him and contained a number of practical recommendations; some of these would require deliberations by the delegations and their consent, while for the others he would be able to take action on his own.